

Newport News, VA CommunityID



Executive Summary

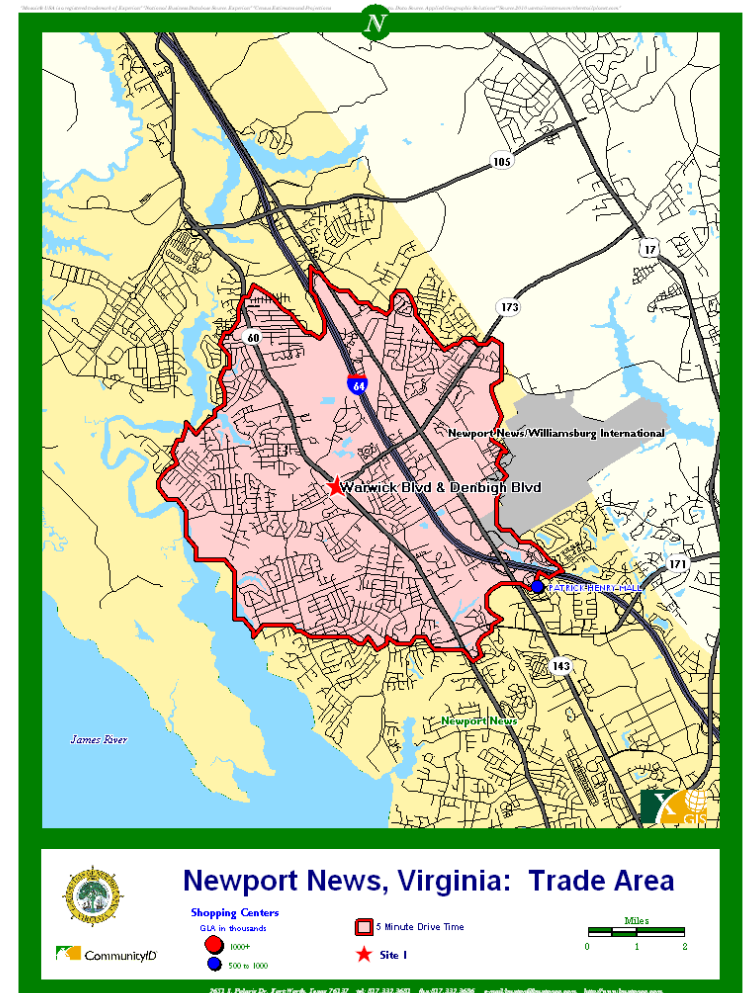
Following an RFP process, Buxton was selected to enter into a process of assisting the City of Newport News, VA to develop a comprehensive market analysis of the City to include the potential opportunities for retail expansion, and analysis of the impact of New Movers to the market.

A project plan was presented that would include:

- The changing economic development landscape,
- The opportunities for local retailers to capture market share of the demand of residents in the market
- Identification of regional and national retailers that would fit the demands of the residents in the market
- The changes taking place with BRAC and how the market changes over time.
- Implementation plans for marketing the opportunities to the respective communities.

Denbigh Boulevard and Warwick Boulevard

- A primary drive-time trade area was delineated for the site that recognizes the business needs of prospective retailers
- The customers in the trade area were segmented according to buying habits and lifestyles
- A profile of Newport News' customers within the trade area was developed
- The Consumer Propensities were defined for the market
- The surplus and leakage for 11 major store types and 49 minor store types were determined for the trade area



Site Overview

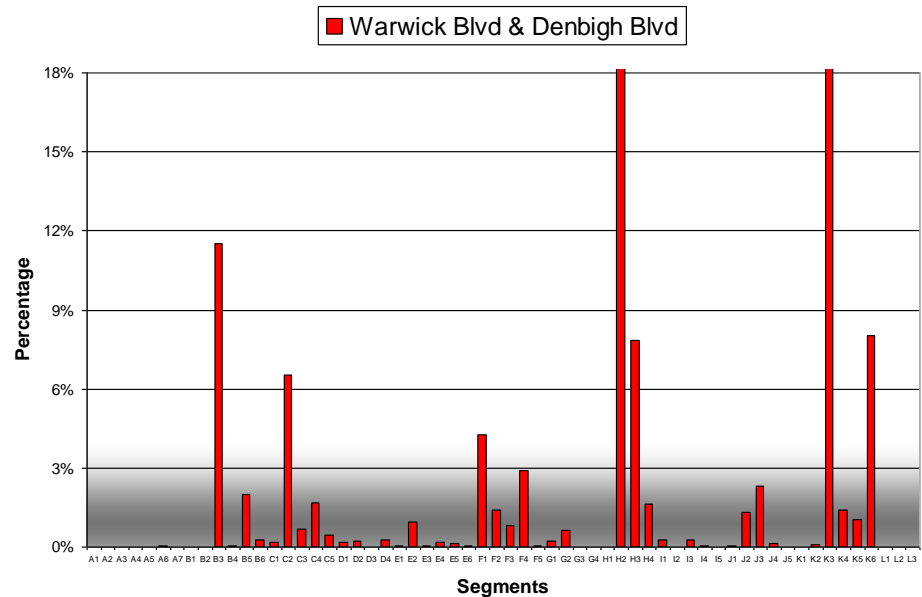
For the site, Buxton then undertook and completed an exhaustive analysis of the customers in the trade area, the traffic of the market, and the associated retail demand.

| Trade Potential Variables | Site 1 (5min) |
|---|-----------------|
| Estimated Household Count | 16,375 |
| Number of Households in Dominant Segments | 12,771 |
| Traffic Count | 52,450 |
| Total Retail Demand | \$2,494,783,470 |
| Total Retail Supply | \$3,030,309,185 |
| Leakage/Surplus | \$535,525,715 |

Site Overview

Each of these consumer types were then reported with a description of their lifestyle and behavioral characteristics. This information is reported in a complete profile document that includes consumer behaviors, attitudinal information, employment characteristics, and other details to be used in an understanding of how they affect the overall market at a household level.

- How many dollars are leaving
- What stores attract outside dollars
- How strong is our retail sector
- What are our retail opportunities
- What are the opportunities for local retailers



Identify & Analyze Your Customers

(Warwick Blvd & Denbigh Blvd Households 11.54%)

Segment B03:

Urban Commuter Families

- Baby Boomer families and couples

- College educated

- White-collar jobs

- Upscale incomes

- Luxury cars and homes

- Charitable givers

- Long hours at work

- Dual-income couples

- City neighborhoods on the metropolitan fringe

6.33%

% US Households

Interests

- Gardening, golfing, and bird-watching

- Home improvement projects

- Theater and antique shows

- Brand-loyal shoppers

- Comfortable and serene lifestyles

- Conservative investors

- Functional clothes over expensive designer labels

Values

Websites

Who They Are



- www.moneycentral.msn.com, www.drudgereport.com

Identify & Analyze Your Customers

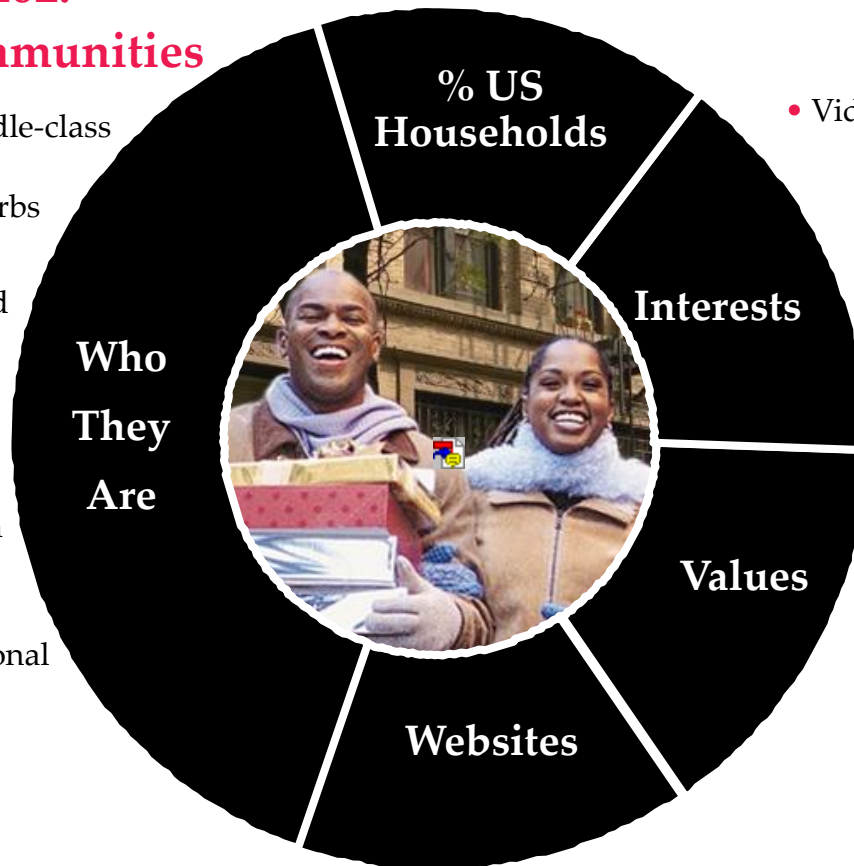
(Warwick Blvd & Denbigh Blvd Households 20.31%)

Segment H02:

Minority Metro Communities

- African-American, middle-class
- Concentrated in inner-ring suburbs
- Mix of service industry and white-collar jobs
- Live in older homes
- Shop at discount chains such as Marshall's and T.J. Maxx
- High education and professional employment

2.20%



- Video games and handheld devices
- Civic groups and fraternal orders

- Traditional media
- comfortable leisure lives

- www.monster.com, www.wwe.com

Identify & Analyze Your Customers

(Warwick Blvd & Denbigh Blvd Households 19.52%)

Segment K03: African-American Neighborhoods

- Predominantly African American
 - Live in apartments and older homes
- High unemployment rates
- Buy convenience foods like microwaveable dinners
- Shop for designer bargains at Bloomingdale's and Burlington Coat Factory

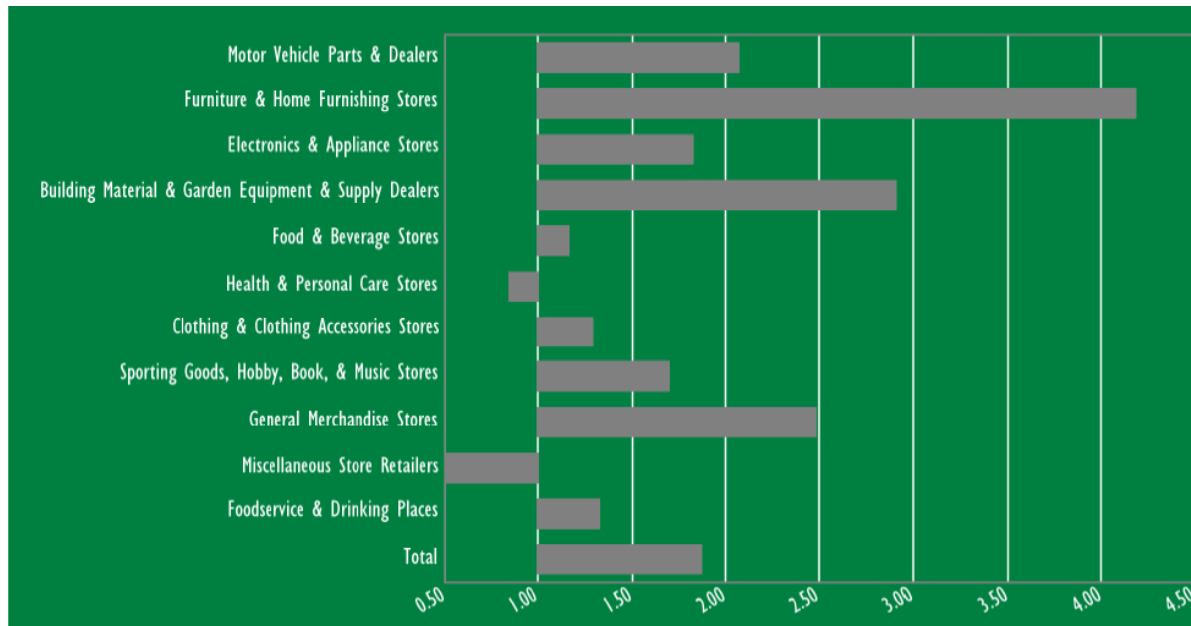


- Plays, dance performances, and comedy clubs
- Enjoy athletic activities at neighborhood parks and gyms
- Family-oriented
- Active and comfortable lifestyle

• www.mtv.com, www.monster.com

Leakage/Surplus Analysis

The Retail Leakage and Surplus Analysis examines the quantitative aspect of the community's retail opportunities. It is a guide to understanding retail opportunities but it is not an analysis that indicates unconditional opportunities. The following table represents an overview by store type of the leakage or surplus within the studied trade area. This is represented by an index with 1.0 being the baseline. A leakage is reflected by an index less than 1.0 and a surplus is reflected by an index greater than 1.0.



Retail Opportunities

Over 330 unique retail concepts were identified as opportunities for recruitment to the trade area. These retailers included a number of retailers who fit the overall landscape, but more importantly, increase the value of the area as it relates to real estate value, increasing sales revenue for the trade area, and most importantly, enhance the quality of life of the residents in the market. All of this is accomplished with the ability to demonstrate to the associated corporate site selectors that Newport News fits their business needs, and will provide long-term viability for their success.

Retail Opportunities

As a sample, these matches included:

- A&W Drive-In
- AMC Theaters
- BJ's Wholesale Club
- Carmike Cinema
- Carvel
- Catherine's Stores
- Cato
- Cinemark Theater
- Dave & Busters
- Denny's Restaurant
- Everything But Water
- Golden Corral Steakhouse
- Hibbett Sporting Goods
- Jason's Deli
- Red Wing Shoe Store
- Simply Fashions
- Sports Authority
- Gymboree P and M
- Pearle Vision
- Fashion Trends

Consumer Propensity Report (CPR)

- A critical component of any retail expansion plan is to understand the merchandising opportunities for existing retailers. To facilitate this process, Buxton undertook a Consumer Propensity Analysis of merchandising opportunities. This information is intended to identify underserved opportunities by product for those existing retailers.
- The Consumer Propensity Report (CPR) shows the lifestyle, product, and psychographic likelihood indices for the consumers within the trade area being analyzed. Major retail, restaurant, grocery, and consumer packaged goods firms use this very same information to drive marketing and merchandising decisions.

Consumer Propensity Report (CPR)

- Each analyzed item is assigned a propensity index score with 100 being average. For example, if the consumers within a trade score a 120 for a given analysis item you know that those consumers are 20% more likely to participate in or purchase that item than the average American household to participate in or purchase that item.
- Information is provided for 32 major categories with over 4,800 total line items. Please note that line items are based upon national-level purchasing and lifestyle characteristics. These line items are then correlated to the underlying household characteristics of the consumers within the trade area being analyzed. Some line items may not be necessarily relevant or available currently in your market or region. The index score in these situations serves to indicate the degree to which the consumers would participate in or purchase that item if it were relevant and available. Often this is taken as an opportunity for expansion of a similar brand or concept within the category.

CPR Categories

| | | |
|--------------------------|-----------------------------|--------------------------|
| Apparel | Food: Baking | Home Improvement |
| Automotive | Food: Condiments | Household Products |
| Beverages: Alcoholic | Food: Dairy | Lawn and Garden |
| Beverages: Non-alcoholic | Food: Frozen | Lifestyle Statements |
| Cable/TV/Radio | Food: General | Medicines/Drugs/Ailments |
| Cleaning Products | Food: Meat | Pets and Pet Food |
| Computer/Internet | Food: Snack/Dessert | Print Media |
| Dining | Health and Beauty | Shopping |
| Electronics | Hispanic Spanish Media | Telecom |
| Entertainment/Leisure | Hispanic Demographics | Tobacco |
| Financial Services | Home Furnishings/Appliances | |

Sample CPR Report

| CATEGORY | VARIABLE NAME | Site 1 (5min Trade Area) |
|----------|---|--------------------------|
| APPAREL | SPEND \$150+ ON OTHER SHOES KID LESS THAN 1 YEAR | 124 |
| APPAREL | USE DRYPERS BRAND DISP DIAPERS/TRAIN PANTS | 161 |
| APPAREL | USE HUGGIES LITTLE SWIMMERS DISP DIAPERS/TRAIN PANTS | 99 |
| APPAREL | USE HUGGIES PULL-UPS DISP DIAPERS/TRAIN PANTS | 107 |
| APPAREL | USE HUGGIES ULTRA TRIM DISP DIAPERS/TRAIN PANTS | 108 |
| APPAREL | USE STORE BRANDS DISP DIAPERS/TRAIN PANTS | 110 |
| APPAREL | USE OTHER BRANDS DISP DIAPERS/TRAIN PANTS | 100 |
| APPAREL | USE HUGGIES OVERNITES DISP DIAPERS/TRAIN PANTS | 157 |
| APPAREL | USE HUGGIES SUPREME DISP DIAPERS/TRAIN PANTS | 116 |
| APPAREL | USE PAMPERS BABY DRY DISP DIAPERS/TRAIN PANTS | 119 |
| APPAREL | USE PAMPERS CRUISERS DISP DIAPERS/TRAIN PANTS | 109 |
| APPAREL | USE LUVS ULTRA LEAK GUARDS DISP DIAPERS/TRAIN PANTS | 106 |
| APPAREL | BOUGHT MENS JEANS WITHIN LAST 12 MONTHS | 89 |
| APPAREL | BOUGHT MENS ATHLETIC SHOES WITHIN LAST 12 MONTHS | 93 |
| APPAREL | BOUGHT MENS OVERCOAT/TOPCOAT WITHIN LAST 12 MONTHS | 118 |
| APPAREL | BOUGHT MENS LEATHER JACKET WITHIN LAST 12 MONTHS | 116 |
| APPAREL | BOUGHT MENS RAINCOAT OR ALL-WEATHER COAT WITHIN LAST 12 MONTHS | 96 |
| APPAREL | BOUGHT MENS SPORT COAT OR BLAZER WITHIN LAST 12 MONTHS | 84 |
| APPAREL | BOUGHT MENS SWEATER WITHIN LAST 12 MONTHS | 93 |
| APPAREL | BOUGHT MENS NECKTIE WITHIN LAST 12 MONTHS | 105 |
| APPAREL | BOUGHT MENS REGULAR OR DRESS SHIRT WITHIN LAST 12 MONTHS | 89 |
| APPAREL | BOUGHT MENS SPORT SHIRT (ALL TYPES)WITHIN LAST 12 MONTHS | 86 |
| APPAREL | BOUGHT MENS UNDERWEAR WITHIN LAST 12 MONTHS | 91 |
| APPAREL | BOUGHT MENS T-SHIRT (OUTERWEAR) WITHIN LAST 12 MONTHS | 93 |
| APPAREL | BOUGHT MENS OTHER GYM/JOGGING/WORKOUT CLOTHES WITHIN LAST 12 MONTHS | 99 |
| APPAREL | BOUGHT MENS UNDERWEAR WITHIN LAST 12 MONTHS | 85 |
| APPAREL | BOUGHT MENS SWIMSUIT WITHIN LAST 12 MONTHS | 77 |
| APPAREL | BOUGHT MENS SUIT WITHIN LAST 12 MONTHS | 114 |
| APPAREL | BOUGHT MENS SLACKS/PANTS (NOT JEANS) WITHIN LAST 12 MONTHS | 90 |
| APPAREL | BOUGHT MENS OTHER SHOES WITHIN LAST 12 MONTHS | 92 |
| APPAREL | BOUGHT MENS BOOTS (EXCLUDING WORK BOOTS) WITHIN LAST 12 MONTHS | 104 |
| APPAREL | BOUGHT WOMENS JEANS WITHIN PAST 12 MONTHS | 99 |
| APPAREL | BOUGHT WOMENS ATHLETIC SHOES WITHIN PAST 12 MONTHS | 94 |
| APPAREL | BOUGHT WOMENS BOOTS (EXCLUDING WORK BOOTS) WITHIN PAST 12 MONTHS | 112 |
| APPAREL | BOUGHT WOMENS SUIT WITHIN PAST 12 MONTHS | 149 |
| APPAREL | BOUGHT WOMENS OTHER SHOES WITHIN PAST 12 MONTHS | 96 |
| APPAREL | BOUGHT WOMENS OVERCOAT/JACKET WITHIN PAST 12 MONTHS | 105 |
| APPAREL | BOUGHT WOMENS DRESS WITHIN PAST 12 MONTHS | 112 |

Additional detailed reporting of this information is posted to the City's SCOUT system for use in addressing these specific needs.

Marketing

Marketing a community is complex and challenging. It requires hours and hours of mundane tasks like research, target selection and preparation of marketing materials. A great deal of time and resources are consumed in the process before pitching a prospect.

Retail development involves these key players that you may interact with:

- Business Development Groups
- Existing business
- Retailer
- Developers
- Brokers

Recruitment

Retail Specific Marketing Package

For each target retailer, Community*ID* provided a specific retail marketing package that is tailored to address the location issues that are important to the prospect and sets forth the research results illustrating to the retailer the opportunities for a successful store at your location. This package is designed as a sales presentation and arms you with the details needed to make a convincing pitch.

Recruitment

International Council of Shopping Centers (ICSC)

The annual ICSC spring convention in Las Vegas brings together retail and restaurant concepts of all types and sizes. More than 30,000 executives from most major companies attend. While not all have booths, they are there to talk about where to locate their next store, restaurant or development.

Recruitment - ICSC

Buxton recommends the City:

- Remain active with ICSC.
- Register to attend the convention.
- Obtain list of the attendees, not just the exhibitors, from ICSC.
- Screen list for retailers and restaurants that have been identified by the Community*ID* process.
- Before the show, contact target companies and make appointments to meet at the show.
- Arrive prepared with the information needed to successfully market your community.
 - i.e. business card, site plans, community profiles and conceptual design program
- Come with a follow up plan. The goal of the meeting is to establish a rapport and get a second appointment

Recruitment

Post-Presentation

Long-sale Cycles

- Generally, retailers do not make a high-stakes location decision on the basis of one visit. Success requires building and maintaining relationships for the long haul. This takes time; there are no instant results.

Follow Up

- Community marketers are often frustrated with “no action” after the initial presentation. The momentum of the decision process is difficult to maintain, but it is up to you to keep it going. Hoping and coping is not an option. Gain control by frequent contact and follow up.

Next Steps

The City should immediately begin planning to attend ReCon and schedule meetings with the following:

- Identified Retailers
- Developers working in the market
- Existing retailers to discuss needs for remaining viable and healthy in Newport News

For each of these meetings, City staff should prepare specific materials (from the Buxton deliverables) that will provide compelling intelligence as to the ongoing, and/or emerging, opportunities presented in the Denbigh Boulevard & Warwick Boulevard community.

Next Steps

The City should also immediately engage local and existing retailers with the information developed through this process and assist them in understanding:

- Merchandising opportunities
- In-depth knowledge of the clients in the Trade Area
- Marketing insight gained from the Mosaic Profiles available through SCOUT
- An understanding of the GAPS in retail demand and inventory from the reporting available through SCOUT